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BUDGET FORMULATION

1. [REDACTED] prescribes the procedure for the submission of Operating Budgets for fiscal year 1955 and summary Office Estimates for fiscal year 1956 for the Director's review.

2. Because of the urgent need for economy in Federal expenditures, it is requested that every effort be made to make provision for all essential requirements for fiscal year 1955 and 1956 within the present personnel ceiling allocation and the present level of expenditures. It is suggested that the following criteria be used in the development of the estimates:

a. The 1955 Operating Budget should not be greater than the requirements reflected in the Congressional Budget submission except where necessary to provide for essential requirements which could not be foreseen at that time. The estimate of personal service costs should reflect the minimum required to finance adequately the existing ceiling allocation. To the extent that the current estimate is greater than that forecast in the Congressional Budget for personal services every effort should be made to absorb the additional cost within the amount budgeted for "All Other" costs. For continuing activities, the estimates for "All Other" expenses, including travel, consultants, equipment and supplies, etc., should not exceed, as a general policy, the expenditure level for the current fiscal year.

b. The Office Estimates for fiscal year 1956 should reflect no expansion of existing activities over the 1955 planned level of operations or provision for any new activities unless, after careful review, the work is determined to be of such an urgent and essential character that it cannot be deferred. As a general policy any proposed increase should meet one of the following three criteria.

(1) Represents a new activity which must be undertaken in fiscal year 1956 and which cannot be absorbed within the level of operations planned for fiscal year 1955;

(2) Necessary to meet expanded requirements under a new activity initiated in fiscal year 1954 or planned for initiation in fiscal year 1955;

(3) Required to eliminate serious backlogs or deficiencies in an existing activity. In such instances the requirement must be of such an urgent character that the provision of additional resources cannot be deferred beyond fiscal year 1956.

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3. The Office Estimate for 1956 should include provision for overseas requirements. Such estimates should be submitted on separate schedules, with operating requirements for fiscal year 1955 shown for comparative purposes. The latter should be in agreement with data previously submitted to DD/P for inclusion in the 1955 Budget Estimates.

4. The Assistant to the DD/I (Admin) will be available to assist the offices in the development of the estimates and to assure their appropriate coordination within the DD/I area.

5. In order to meet the deadlines for submission of estimates to the DD/A, it is requested that the materials be submitted to the DD/I for review and approval in accordance with the following schedule:

a. Operating Budgets for fiscal year 1955. In original and three copies by not later than 11 June 1954.

b. Office Estimates for fiscal year 1956. In original and seven copies by not later than 18 June 1954.


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Deputy Director/Intelligence

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